

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1464 – SB 1807

March 28, 2016

SUMMARY OF ORIGINAL BILL: Requires 25 percent of any surplus state tax revenue, if surplus state revenue exceeds \$5,000,000 in any month as determined by the Commissioner of Finance and Administration (F&A), to be deposited into the Priority Transportation Project Fund beginning in FY15-16 and subsequent years. Requires the deposited amount be used only for “essential transportation projects”, as defined by this bill. Requires the Commissioner of the Department of Transportation (TDOT) to recommend the top 100 projects to be funded prior to March 1, 2016 for FY15-16 and FY16-17, and prior to March 1 of each subsequent year. Authorizes the General Assembly to appropriate an amount from the Fund to implement all or part of the projects recommended.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – An increase in revenue to the Priority Transportation Project Fund, when surplus state tax revenue exceeds \$5,000,000 in any month, and a corresponding decrease of revenue to other state funds, including but not limited to the state General Fund, based on established statutory allocation requirements. Due to multiple unknown factors, the extent and timing of any such impacts cannot be quantified with reasonable certainty.

SUMMARY OF AMENDMENT (014945): Deletes and replaces language of the bill such that the substantive changes are to: (1) sunset the act on July 1, 2021; (2) require the Commissioner of the TDOT to recommend the top 100 projects to be funded prior to March 1, 2017, for FY17-18, rather than prior to March 1, 2016, for FY15-16 and FY16-17; (3) redefine an “essential transportation project” to include any unfunded phase of a transportation infrastructure project commitment made prior to July 1, 2016, rather than July 1, 2015; (4) require that designated surplus state tax revenue for the Priority Transportation Project Fund (PTPF) to be released and deposited into the PTPF at the close of any fiscal year, rather than monthly; (5) require, if the estimate of surplus state tax revenue differs from the budgeted estimated state tax revenue, then an amount equal to the percentage by which the surplus state tax revenue does not meet the monthly estimate based on the budgeted estimated state tax revenue, to be transferred from the PTPF to the General Fund for reallocation; (6) and authorize surplus state revenue deposited in the PTPF fund to be used for backlog transportation projects, in addition to the essential transportation projects.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:


Other Fiscal Impact – An increase in revenue to the Priority Transportation Project Fund, when surplus state tax revenue exceeds \$5,000,000 in any month, and a corresponding decrease of revenue to other state funds, including but not limited to the state General Fund, based on established statutory allocation requirements. Due to multiple unknown factors, the extent of any such impacts cannot be quantified with reasonable certainty. However, any such impacts would be incurred prior to the end of FY20-21.

Assumptions for the bill as amended:

- The proposed bill as amended would reallocate certain revenues to a PTPF.
- In any month that revenue derived from all state taxes during a month exceeds estimates by \$5,000,000 or more, 25 percent of the surplus would be directed to the PTPF at the end of such fiscal year.
- According to the Department of Revenue (DOR), revenue collections have exceeded estimates by more than \$5,000,000 in the last 18 months except for two, in November 2014 and March 2015.
- The proposed bill as amended will result in an increase in state revenue to the PTPF, whenever surplus state tax revenue exceeds \$5,000,000 in any month, and a corresponding decrease in state revenue to other state funds, including but not limited to the state General Fund, based on established statutory allocation requirements. Such impacts would be incurred prior to the end of FY20-21.
- Due to multiple unknown factors, such as the number of months in which the state will realize such surplus in any given year, the extent and source of any such surplus, and the current allocation of any such surplus, the increase in revenue to the PTPF and the decrease in revenue to other state funds cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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